



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: February 23, 2010
TO: Mayor and Councilmembers
FROM: Accounting Division, Finance Department
SUBJECT: Fiscal Year 2010 Mid-Year Review

RECOMMENDATION: That Council:

- A. Hear a report from staff on the status of revenues and expenditures in relation to budget as of December 31, 2009;
- B. Accept the Fiscal Year 2010 Interim Financial Statements for the Six Months Ended December 31, 2009; and
- C. Increase appropriations in the Miscellaneous Grants Fund by \$43,712 for the purchase of a Breathing Air Compressor Fill Station for fire operations from reserves accumulated in the Miscellaneous Grants Fund for Hazmat expenditures.

EXECUTIVE SUMMARY:

Each month, staff presents the interim financial statements (Attachment 1) showing the progress of revenues and expenditures in relation to budget for each of the City's Funds. Each quarter, the interim financial statements are expanded to include a detailed narrative analysis of the General Fund and Enterprise Funds. This narrative analysis is included in the attached interim financial statements (Attachment 2).

In addition to the mid-year budget analysis, staff brings forward any recommended adjustments for Council approval. These adjustments are the result of new information and/or unanticipated events that occurred since the adoption of the budget in June 2009. In November 2009, staff presented several mid-year budget adjustments that were needed due to the deteriorating revenue stream and the weak local and national economies. Council approved those adjustments and there are no further mid-year adjustments requested at this time.

The General Fund currently has a projected budget gap of approximately \$3.7 million. Each General Fund department has been asked to curtail spending to achieve additional expenditure savings this year. Some savings will be achieved through cost cutting and as a result of staff vacancies from turnover and retirements. Early staff projections indicate that we could potentially save up to \$2 million; however, several of the proposed options do not appear achievable before the end of the fiscal year. Staff

will continue to monitor the state of the City's finances and will propose any additional required adjustments to the budget later this year.

Recommended Appropriations Increase

The Fire Department requests additional appropriations to replace the Breathing Air Compressor Fill Station. This compressor fills the firefighter's Self-Contained Breathing Apparatus bottles. The current unit has broken down and is no longer repairable. Replacement parts cannot be obtained and staff will need to locate a new manufacturer. New units can cost as much as \$50,000. The Miscellaneous Grants Fund has accumulated \$43,712 in reserves for Hazmat expenditures and these reserves will be used to pay for the new equipment. If the new equipment costs more than \$43,712, the balance will be paid out of existing Fire Department appropriations in the General Fund.

ATTACHMENTS:

1. Summary by Fund Statement of Revenues and Expenditures for the Six Months Ended December 31, 2009
2. Interim Financial Statements for the Six Months Ended December 31, 2009 (Narrative Analysis)

PREPARED BY: Rudolf J. Livingston, Accounting Manager

SUBMITTED BY: Robert Samario, Interim Finance Director

APPROVED BY: City Administrator's Office

CITY OF SANTA BARBARA
Interim Statement of Revenues and Expenditures
Summary by Fund
For the Six Months Ended December 31, 2009 (50% of Fiscal Year)

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Encum- brances</u>	<u>Remaining Balance</u>	<u>Percent of Budget</u>
GENERAL FUND					
Revenue	103,198,955	44,617,667	-	58,581,288	43.2%
Expenditures	103,363,474	50,279,805	787,837	52,295,832	49.4%
<i>Addition to / (use of) reserves</i>	<u>(164,519)</u>	<u>(5,662,139)</u>	<u>(787,837)</u>		
WATER OPERATING FUND					
Revenue	34,188,296	18,792,916	-	15,395,380	55.0%
Expenditures	37,418,635	15,937,564	2,667,770	18,813,300	49.7%
<i>Addition to / (use of) reserves</i>	<u>(3,230,339)</u>	<u>2,855,352</u>	<u>(2,667,770)</u>		
WASTEWATER OPERATING FUND					
Revenue	14,828,850	7,521,999	-	7,306,851	50.7%
Expenditures	16,070,288	6,690,162	1,361,912	8,018,213	50.1%
<i>Addition to / (use of) reserves</i>	<u>(1,241,438)</u>	<u>831,836</u>	<u>(1,361,912)</u>		
DOWNTOWN PARKING					
Revenue	6,762,290	3,413,416	-	3,348,874	50.5%
Expenditures	8,195,457	3,677,422	582,640	3,935,396	52.0%
<i>Addition to / (use of) reserves</i>	<u>(1,433,167)</u>	<u>(264,006)</u>	<u>(582,640)</u>		
AIRPORT OPERATING FUND					
Revenue	12,440,678	6,538,113	-	5,902,565	52.6%
Expenditures	12,723,593	5,678,280	618,511	6,426,802	49.5%
<i>Addition to / (use of) reserves</i>	<u>(282,915)</u>	<u>859,833</u>	<u>(618,511)</u>		
GOLF COURSE FUND					
Revenue	2,380,438	888,958	-	1,491,480	37.3%
Expenditures	2,785,158	1,499,863	120,922	1,164,373	58.2%
<i>Addition to / (use of) reserves</i>	<u>(404,720)</u>	<u>(610,906)</u>	<u>(120,922)</u>		
INTRA-CITY SERVICE FUND					
Revenue	6,397,840	3,334,886	-	3,062,954	52.1%
Expenditures	6,659,667	2,381,932	586,962	3,690,772	44.6%
<i>Addition to / (use of) reserves</i>	<u>(261,827)</u>	<u>952,954</u>	<u>(586,962)</u>		

CITY OF SANTA BARBARA
Interim Statement of Revenues and Expenditures
Summary by Fund
For the Six Months Ended December 31, 2009 (50% of Fiscal Year)

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Encum- brances</u>	<u>Remaining Balance</u>	<u>Percent of Budget</u>
FLEET REPLACEMENT FUND					
Revenue	1,779,868	953,251	-	826,617	53.6%
Expenditures	3,821,874	798,875	818,469	2,204,531	42.3%
Addition to / (use of) reserves	(2,042,006)	154,377	(818,469)		
FLEET MAINTENANCE FUND					
Revenue	2,530,238	1,240,119	-	1,290,119	49.0%
Expenditures	2,631,703	1,000,199	168,315	1,463,189	44.4%
Addition to / (use of) reserves	(101,465)	239,920	(168,315)		
SELF INSURANCE TRUST FUND					
Revenue	6,073,674	3,019,345	-	3,054,329	49.7%
Expenditures	6,519,840	2,673,171	236,026	3,610,644	44.6%
Addition to / (use of) reserves	(446,166)	346,174	(236,026)		
INFORMATION SYSTEMS ICS FUND					
Revenue	2,435,147	1,222,828	-	1,212,319	50.2%
Expenditures	2,630,280	1,283,718	66,661	1,279,902	51.3%
Addition to / (use of) reserves	(195,133)	(60,890)	(66,661)		
WATERFRONT FUND					
Revenue	11,522,348	6,197,555	-	5,324,793	53.8%
Expenditures	12,061,259	5,903,156	566,390	5,591,714	53.6%
Addition to / (use of) reserves	(538,911)	294,400	(566,390)		
TOTAL FOR ALL FUNDS					
Revenue	204,538,622	97,741,051	-	106,797,571	47.8%
Expenditures	214,881,229	97,804,148	8,582,413	108,494,668	49.5%
Addition to / (use of) reserves	(10,342,607)	(63,097)	(8,582,413)		

**** It is City policy to adopt a balanced budget. In most cases, encumbrance balances exist at year-end. These encumbrance balances are obligations of each fund and must be reported at the beginning of each fiscal year. In addition, a corresponding appropriations entry must be made in order to accommodate the 'carried-over' encumbrance amount. Most differences between budgeted annual revenues and expenses are due to these encumbrance carryovers.**

CITY OF SANTA BARBARA
General Fund
Interim Statement of Budgeted and Actual Revenues
For the Six Months Ended December 31, 2009 (50% of Fiscal Year)

	Annual Budget	YTD Actual	Remaining Balance	Percent Received	Previous YTD
TAXES					
Sales and Use	17,405,682	6,412,644	10,993,038	36.8%	7,603,457
Property Taxes	23,426,345	7,566,461	15,859,884	32.3%	8,590,431
Utility Users Tax	6,916,329	3,484,555	3,431,774	50.4%	3,509,286
Transient Occupancy Tax	11,351,970	6,618,032	4,733,938	58.3%	7,737,272
Franchise Fees	3,335,000	1,639,714	1,695,286	49.2%	1,463,071
Business License	2,273,300	917,418	1,355,882	40.4%	982,866
Real Property Transfer Tax	325,800	199,690	126,110	61.3%	166,796
<i>Total</i>	65,034,426	26,838,514	38,195,912	41.3%	30,053,178
LICENSES & PERMITS					
Licenses & Permits	179,000	85,941	93,059	48.0%	92,424
<i>Total</i>	179,000	85,941	93,059	48.0%	92,424
FINES & FORFEITURES					
Parking Violations	2,582,774	1,258,091	1,324,683	48.7%	1,235,900
Library Fines	117,318	58,305	59,013	49.7%	52,799
Municipal Court Fines	150,000	67,528	82,472	45.0%	88,604
Other Fines & Forfeitures	100,000	91,046	8,954	91.0%	-
<i>Total</i>	2,950,092	1,474,969	1,475,123	50.0%	1,377,303
USE OF MONEY & PROPERTY					
Investment Income	941,951	588,528	353,423	62.5%	768,004
Rents & Concessions	406,436	208,045	198,391	51.2%	198,987
<i>Total</i>	1,348,387	796,574	551,813	59.1%	966,991
INTERGOVERNMENTAL					
Grants	2,307,577	229,530	2,078,047	9.9%	1,830,605
Vehicle License Fees	200,000	134,978	65,022	67.5%	140,864
Reimbursements	17,500	-	17,500	0.0%	-
<i>Total</i>	2,525,077	364,508	2,160,569	14.4%	1,971,469
FEES & SERVICE CHARGES					
Finance	858,930	412,783	446,147	48.1%	406,412
Community Development	4,425,717	2,284,447	2,141,270	51.6%	2,179,264
Recreation	2,448,499	983,507	1,464,992	40.2%	1,131,940
Public Safety	550,543	199,157	351,386	36.2%	168,066
Public Works	4,608,873	2,533,361	2,075,512	55.0%	2,005,240
Library	775,452	370,265	405,187	47.7%	18,541
Reimbursements	5,809,367	2,727,084	3,082,283	46.9%	2,502,685
<i>Total</i>	19,477,381	9,510,604	9,966,777	48.8%	8,412,148
OTHER MISCELLANEOUS REVENUES					
Miscellaneous	1,640,775	962,187	678,588	58.6%	2,368,038
Indirect Allocations	7,238,105	3,672,553	3,565,552	50.7%	3,292,960
Operating Transfers-In	2,805,712	911,816	1,893,896	32.5%	632,851
<i>Total</i>	11,684,592	5,546,557	6,138,035	47.5%	6,293,850
TOTAL REVENUES	103,198,955	44,617,667	58,581,288	43.2%	49,167,362

CITY OF SANTA BARBARA
General Fund
Interim Statement of Appropriations, Expenditures and Encumbrances
For the Six Months Ended December 31, 2009 (50% of Fiscal Year)

	Annual Budget	YTD Actual	Encum- brances	** Remaining Balance	YTD Expended and Encumbered	Previous YTD
GENERAL GOVERNMENT						
<u>Mayor & City Council</u>						
MAYOR	747,750	349,502	1,945	396,303	47.0%	
<i>Total</i>	747,750	349,502	1,945	396,303	47.0%	394,258
<u>City Attorney</u>						
CITY ATTORNEY	2,099,358	1,020,892	-	1,078,466	48.6%	
<i>Total</i>	2,099,358	1,020,892	-	1,078,466	48.6%	1,093,336
<u>Administration</u>						
CITY ADMINISTRATOR	1,324,103	696,747	1,945	625,410	52.8%	
LABOR RELATIONS	187,984	86,668	-	101,316	46.1%	
CITY TV	433,943	202,284	38,343	193,316	55.5%	
<i>Total</i>	1,946,030	985,700	40,289	920,042	52.7%	1,132,631
<u>Administrative Services</u>						
CITY CLERK	773,167	474,905	15,650	282,612	63.4%	
HUMAN RESOURCES	1,190,764	525,512	19,879	645,373	45.8%	
ADMIN SVCS-EMPLOYEE DEVELOPMENT	182,921	71,312	-	111,609	39.0%	
<i>Total</i>	2,146,852	1,071,729	35,529	1,039,594	51.6%	951,999
<u>Finance</u>						
ADMINISTRATION	631,402	335,124	10,995	285,283	54.8%	
TREASURY	380,819	194,098	2,000	184,721	51.5%	
CASHIERING & COLLECTION	425,648	205,872	-	219,776	48.4%	
LICENSES & PERMITS	387,383	185,613	-	201,770	47.9%	
BUDGET MANAGEMENT	330,928	187,173	-	143,755	56.6%	
ACCOUNTING	387,205	212,295	23,547	151,364	60.9%	
PAYROLL	272,626	130,504	-	142,122	47.9%	
ACCOUNTS PAYABLE	210,352	100,841	-	109,511	47.9%	
CITY BILLING & CUSTOMER SERVICE	560,393	239,955	-	320,438	42.8%	
PURCHASING	634,301	312,380	2,471	319,449	49.6%	
CENTRAL STORES	183,684	88,454	-	95,230	48.2%	
MAIL SERVICES	96,326	45,089	-	51,237	46.8%	
<i>Total</i>	4,501,067	2,237,398	39,014	2,224,655	50.6%	2,387,485
TOTAL GENERAL GOVERNMENT	11,441,057	5,665,221	116,777	5,659,060	50.5%	5,959,709
PUBLIC SAFETY						
<u>Police</u>						
CHIEF'S STAFF	1,160,176	576,742	-	583,434	49.7%	
SUPPORT SERVICES	575,931	276,090	3,202	296,640	48.5%	
RECORDS	1,396,802	666,275	6,059	724,468	48.1%	
COMMUNITY SVCS	1,063,530	518,777	4,902	539,851	49.2%	
CRIME ANALYSIS	66,056	9,607	-	56,449	14.5%	
PROPERTY ROOM	125,326	62,168	802	62,356	50.2%	

CITY OF SANTA BARBARA
General Fund
Interim Statement of Appropriations, Expenditures and Encumbrances
For the Six Months Ended December 31, 2009 (50% of Fiscal Year)

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Encum- brances</u>	<u>** Remaining Balance</u>	<u>YTD Expended and Encumbered</u>	<u>Previous YTD</u>
PUBLIC SAFETY						
<u>Police</u>						
TRNG/RECRUITMENT	381,881	255,445	16,290	110,146	71.2%	
RANGE	879,439	430,188	29,024	420,227	52.2%	
BEAT COORDINATORS	801,812	229,229	878	571,705	28.7%	
INFORMATION TECHNOLOGY	1,118,502	616,393	12,529	489,580	56.2%	
INVESTIGATIVE DIVISION	4,489,206	2,143,495	3,445	2,342,266	47.8%	
CRIME LAB	222,370	62,143	-	160,227	27.9%	
PATROL DIVISION	12,629,310	6,226,296	114,603	6,288,412	50.2%	
TRAFFIC	1,330,706	555,111	1,580	774,015	41.8%	
SPECIAL EVENTS	986,472	894,374	-	92,098	90.7%	
TACTICAL PATROL FORCE	1,131,685	571,281	2,074	558,330	50.7%	
STREET SWEEPING ENFORCEMENT	236,362	126,535	-	109,827	53.5%	
NIGHT LIFE ENFORCEMENT	458,400	172,802	-	285,598	37.7%	
PARKING ENFORCEMENT	1,031,837	433,890	22,020	575,926	44.2%	
CCC	2,383,022	1,028,035	641	1,354,347	43.2%	
ANIMAL CONTROL	564,640	304,531	1,736	258,374	54.2%	
<i>Total</i>	<u>33,033,465</u>	<u>16,161,276</u>	<u>219,785</u>	<u>16,652,404</u>	<u>49.6%</u>	<u>17,557,076</u>
<u>Fire</u>						
ADMINISTRATION	1,096,276	574,494	3,046	518,735	52.7%	
EMERGENCY SERVICES AND PUBLIC ED	218,086	103,865	988	113,234	48.1%	
PREVENTION	1,187,985	573,723	393	613,868	48.3%	
WILDLAND FIRE MITIGATION PROGRAM	191,083	82,520	22,229	86,334	54.8%	
OPERATIONS	17,188,401	8,246,817	48,290	8,893,294	48.3%	
ARFF	1,623,165	830,733	-	792,432	51.2%	
<i>Total</i>	<u>21,504,996</u>	<u>10,412,152</u>	<u>74,947</u>	<u>11,017,898</u>	<u>48.8%</u>	<u>11,307,424</u>
TOTAL PUBLIC SAFETY	<u>54,538,461</u>	<u>26,573,428</u>	<u>294,732</u>	<u>27,670,302</u>	<u>49.3%</u>	<u>28,864,500</u>
PUBLIC WORKS						
<u>Public Works</u>						
ADMINISTRATION	862,361	401,330	7,425	453,605	47.4%	
ENGINEERING SVCS	4,129,675	2,031,609	11,485	2,086,580	49.5%	
PUBLIC RT OF WAY MGMT	1,011,589	449,852	1,678	560,059	44.6%	
ENVIRONMENTAL PROGRAMS	393,673	146,720	61,076	185,878	52.8%	
<i>Total</i>	<u>6,397,298</u>	<u>3,029,511</u>	<u>81,664</u>	<u>3,286,122</u>	<u>48.6%</u>	<u>3,346,062</u>
TOTAL PUBLIC WORKS	<u>6,397,298</u>	<u>3,029,511</u>	<u>81,664</u>	<u>3,286,122</u>	<u>48.6%</u>	<u>3,346,062</u>
COMMUNITY SERVICES						
<u>Parks & Recreation</u>						
PRGM MGMT & BUS SVCS	524,868	256,456	-	268,412	48.9%	
FACILITIES	394,356	204,921	8,059	181,376	54.0%	
CULTURAL ARTS	429,832	216,252	22,028	191,552	55.4%	
YOUTH ACTIVITIES	752,636	335,942	6,251	410,443	45.5%	

CITY OF SANTA BARBARA
General Fund
Interim Statement of Appropriations, Expenditures and Encumbrances
For the Six Months Ended December 31, 2009 (50% of Fiscal Year)

	Annual Budget	YTD Actual	Encum- brances	** Remaining Balance	YTD Expended and Encumbered	Previous YTD
COMMUNITY SERVICES						
<u>Parks & Recreation</u>						
SR CITIZENS	722,733	359,462	387	362,884	49.8%	
AQUATICS	1,033,575	618,319	29,379	385,877	62.7%	
SPORTS	483,177	214,758	8,483	259,936	46.2%	
TENNIS	275,753	150,461	-	125,292	54.6%	
NEIGHBORHOOD & OUTREACH SERV	1,263,260	610,852	3,954	648,454	48.7%	
ADMINISTRATION	528,293	256,339	-	271,954	48.5%	
PROJECT MANAGEMENT TEAM	242,538	145,201	-	97,337	59.9%	
BUSINESS SERVICES	375,931	170,707	8,383	196,842	47.6%	
FACILITY & PROJECT MGT	1,012,354	552,813	1,295	458,246	54.7%	
GROUND MANAGEMENT	4,051,580	2,021,189	95,609	1,934,782	52.2%	
FORESTRY	1,182,344	486,238	16,048	680,058	42.5%	
BEACH MAINTENANCE	170,234	63,041	8,984	98,209	42.3%	
<i>Total</i>	<u>13,443,464</u>	<u>6,665,744</u>	<u>208,861</u>	<u>6,568,859</u>	51.1%	<u>8,041,140</u>
<u>Library</u>						
ADMINISTRATION	416,148	198,940	-	217,208	47.8%	
PUBLIC SERVICES	2,161,456	1,085,659	3,816	1,071,982	50.4%	
SUPPORT SERVICES	1,594,389	657,024	2,658	934,707	41.4%	
<i>Total</i>	<u>4,171,993</u>	<u>1,946,876</u>	<u>6,474</u>	<u>2,218,643</u>	46.8%	<u>2,294,678</u>
TOTAL COMMUNITY SERVICES	<u>17,615,457</u>	<u>8,612,620</u>	<u>215,334</u>	<u>8,787,503</u>	50.1%	<u>10,335,818</u>
COMMUNITY DEVELOPMENT						
<u>Community Development</u>						
ADMINISTRATION	491,949	215,722	744	275,483	44.0%	
ECON DEV	62,919	27,498	-	35,421	43.7%	
CITY ARTS ADVISORY PROGRAM	540,483	452,511	-	87,972	83.7%	
HUMAN SVCS	818,612	395,851	-	422,761	48.4%	
RDA	730,700	297,220	-	433,480	40.7%	
RDA HSG DEV	677,395	333,780	-	343,615	49.3%	
LR PLANNING/STUDIES	792,833	361,300	639	430,894	45.7%	
DEV & DESIGN REVIEW	1,038,992	475,014	7,452	556,526	46.4%	
ZONING	853,074	391,994	918	460,161	46.1%	
DESIGN REV & HIST PRESERVATN	940,732	422,774	43,237	474,720	49.5%	
SHO/ENVIRON REVIEW/TRAINING	703,239	323,775	7,069	372,394	47.0%	
BLDG PERMITS	1,018,740	468,896	222	549,622	46.0%	
RECORDS & ARCHIVES	527,248	236,799	18,762	271,687	48.5%	
PLAN CK & COUNTER SRV	1,268,494	589,108	284	679,102	46.5%	
<i>Total</i>	<u>10,465,410</u>	<u>4,992,243</u>	<u>79,330</u>	<u>5,393,837</u>	48.5%	<u>5,744,046</u>
TOTAL COMMUNITY DEVELOPMENT	<u>10,465,410</u>	<u>4,992,243</u>	<u>79,330</u>	<u>5,393,837</u>	48.5%	<u>5,744,046</u>

CITY OF SANTA BARBARA
General Fund
Interim Statement of Appropriations, Expenditures and Encumbrances
For the Six Months Ended December 31, 2009 (50% of Fiscal Year)

	Annual Budget	YTD Actual	Encum- brances	** Remaining Balance	YTD Expended and Encumbered	Previous YTD
NON-DEPARTMENTAL						
<u>Non-Departmental</u>						
DUES, MEMBERSHIPS, & LICENSES	22,272	2,585	-	19,687	11.6%	
COMMUNITY PROMOTIONS	1,706,580	1,012,521	-	694,059	59.3%	
SPECIAL PROJECTS	21,000	34,550	-	(13,550)	164.5%	
TRANSFERS OUT	43,500	43,500	-	-	100.0%	
DEBT SERVICE TRANSFERS	353,568	288,626	-	64,942	81.6%	
CAPITAL OUTLAY TRANSFER	573,170	25,000	-	548,170	4.4%	
APPROP. RESERVE	185,701	-	-	185,701	0.0%	
<i>Total</i>	<u>2,905,791</u>	<u>1,406,782</u>	<u>-</u>	<u>1,499,009</u>	<u>48.4%</u>	<u>2,440,925</u>
TOTAL NON-DEPARTMENTAL	<u>2,905,791</u>	<u>1,406,782</u>	<u>-</u>	<u>1,499,009</u>	<u>48.4%</u>	<u>2,440,925</u>
TOTAL EXPENDITURES	<u>103,363,474</u>	<u>50,279,805</u>	<u>787,837</u>	<u>52,295,832</u>	<u>49.4%</u>	<u>56,691,061</u>

*** The legal level of budgetary control is at the department level for the General Fund. Therefore, as long as the department as a whole is within budget, budgetary compliance has been achieved. The City actively monitors the budget status of each department and takes measures to address potential over budget situations before they occur.*

For Enterprise and Internal Service Funds, the legal level of budgetary control is at the fund level. The City also monitors and addresses these fund types for potential over budget situations.

CITY OF SANTA BARBARA
Special Revenue Funds
Interim Statement of Revenues and Expenditures
For the Six Months Ended December 31, 2009 (50% of Fiscal Year)

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Encum- brances</u>	<u>Remaining Balance</u>	<u>Percent of Budget</u>
TRAFFIC SAFETY FUND					
Revenue	515,000	246,984	-	268,016	48.0%
Expenditures	515,000	246,984	-	268,016	48.0%
<i>Revenue Less Expenditures</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	
CREEK RESTORATION/WATER QUALITY IMPRVMT					
Revenue	2,610,100	1,459,704	-	1,150,396	55.9%
Expenditures	3,386,420	1,307,794	339,285	1,739,341	48.6%
<i>Revenue Less Expenditures</i>	<i>(776,320)</i>	<i>151,910</i>	<i>(339,285)</i>	<i>(588,944)</i>	
SOLID WASTE PROGRAM					
Revenue	18,614,209	8,661,115	-	9,953,094	46.5%
Expenditures	18,713,657	8,847,621	120,628	9,745,409	47.9%
<i>Revenue Less Expenditures</i>	<i>(99,448)</i>	<i>(186,506)</i>	<i>(120,628)</i>	<i>207,685</i>	
COMM.DEVELOPMENT BLOCK GRANT					
Revenue	3,244,916	887,572	-	2,357,344	27.4%
Expenditures	3,121,049	733,070	65,810	2,322,169	25.6%
<i>Revenue Less Expenditures</i>	<i>123,867</i>	<i>154,502</i>	<i>(65,810)</i>	<i>35,175</i>	
COUNTY LIBRARY					
Revenue	1,703,932	597,096	-	1,106,836	35.0%
Expenditures	1,765,938	830,596	18,010	917,333	48.1%
<i>Revenue Less Expenditures</i>	<i>(62,006)</i>	<i>(233,500)</i>	<i>(18,010)</i>	<i>189,503</i>	
STREETS FUND					
Revenue	9,571,682	4,272,077	-	5,299,605	44.6%
Expenditures	14,093,895	5,507,047	1,069,674	7,517,175	46.7%
<i>Revenue Less Expenditures</i>	<i>(4,522,213)</i>	<i>(1,234,969)</i>	<i>(1,069,674)</i>	<i>(2,217,570)</i>	
MEASURE "D"					
Revenue	4,884,000	1,964,259	-	2,919,741	40.2%
Expenditures	9,067,069	1,554,740	2,489,766	5,022,563	44.6%
<i>Revenue Less Expenditures</i>	<i>(4,183,069)</i>	<i>409,519</i>	<i>(2,489,766)</i>	<i>(2,102,822)</i>	

CITY OF SANTA BARBARA
Interim Statement of Revenues and Expenses
For the Six Months Ended December 31, 2009 (50% of Fiscal Year)

WATER OPERATING FUND

	Annual Budget	YTD Actual	Encum- brances	Remaining Balance	Percent of Budget	Previous YTD
REVENUES						
Water Sales - Metered	29,850,000	15,880,618	-	13,969,382	53.2%	16,207,308
Service Charges	385,000	212,379	-	172,621	55.2%	200,612
Cater JPA Treatment Charges	2,200,000	1,706,794	-	493,206	77.6%	1,393,580
Licenses & Permits	(2,500)	-	-	(2,500)	0.0%	-
Investment Income	1,008,000	599,974	-	408,026	59.5%	815,721
Grants	36,098	24,243	-	11,855	67.2%	-
Reimbursements	18,000	-	-	18,000	0.0%	-
Miscellaneous	693,698	368,907	-	324,791	53.2%	201,826
TOTAL REVENUES	34,188,296	18,792,916	-	15,395,380	55.0%	18,819,047
EXPENSES						
Salaries & Benefits	7,599,922	3,489,417	-	4,110,505	45.9%	3,430,633
Materials, Supplies & Services	10,540,950	3,847,972	2,544,245	4,148,734	60.6%	3,544,893
Special Projects	646,774	63,884	70,458	512,433	20.8%	44,767
Water Purchases	7,776,465	3,219,509	43,702	4,513,254	42.0%	3,292,242
Debt Service	5,094,672	2,606,260	-	2,488,412	51.2%	2,580,787
Capital Outlay Transfers	5,302,492	2,651,246	-	2,651,246	50.0%	4,004,317
Equipment	197,459	37,116	7,715	152,629	22.7%	4,882
Capitalized Fixed Assets	109,900	861	1,652	107,388	2.3%	7,674
Other	-	21,299	-	(21,299)	100.0%	20,328
Appropriated Reserve	150,000	-	-	150,000	0.0%	-
TOTAL EXPENSES	37,418,635	15,937,564	2,667,770	18,813,300	49.7%	16,930,522

NOTE - These figures reflect the operating fund only. Though the capital fund is excluded, the current year contribution from the operating fund is shown in the Capital Transfers.

CITY OF SANTA BARBARA
Interim Statement of Revenues and Expenses
For the Six Months Ended December 31, 2009 (50% of Fiscal Year)

WASTEWATER OPERATING FUND

	Annual Budget	YTD Actual	Encum- brances	Remaining Balance	Percent of Budget	Previous YTD
REVENUES						
Service Charges	14,010,000	7,049,647	-	6,960,353	50.3%	6,932,271
Fees	410,000	248,701	-	161,299	60.7%	212,774
Investment Income	325,000	208,851	-	116,149	64.3%	280,084
Miscellaneous	83,850	14,800	-	69,050	17.7%	105,940
TOTAL REVENUES	14,828,850	7,521,999	-	7,306,851	50.7%	7,531,070
EXPENSES						
Salaries & Benefits	5,125,324	2,349,516	-	2,775,808	45.8%	2,389,126
Materials, Supplies & Services	5,733,089	2,188,934	1,354,339	2,189,816	61.8%	2,243,536
Special Projects	711,367	354,271	-	357,096	49.8%	546,593
Transfers-Out	65,000	32,500	-	32,500	50.0%	-
Debt Service	1,354,888	346,613	-	1,008,275	25.6%	390,277
Capital Outlay Transfers	2,827,188	1,413,594	-	1,413,594	50.0%	1,169,607
Equipment	50,167	3,872	5,922	40,372	19.5%	7,919
Capitalized Fixed Assets	53,265	861	1,651	50,752	4.7%	15,394
Appropriated Reserve	150,000	-	-	150,000	0.0%	-
TOTAL EXPENSES	16,070,288	6,690,162	1,361,912	8,018,213	50.1%	6,762,451

NOTE - These figures reflect the operating fund only. Though the capital fund is excluded, the current year contribution from the operating fund is shown in the Capital Transfers.

CITY OF SANTA BARBARA
Interim Statement of Revenues and Expenses
For the Six Months Ended December 31, 2009 (50% of Fiscal Year)
DOWNTOWN PARKING

	Annual Budget	YTD Actual	Encum- brances	Remaining Balance	Percent of Budget	Previous YTD
REVENUES						
Improvement Tax	875,000	407,481	-	467,519	46.6%	431,172
Parking Fees	5,552,550	2,820,417	-	2,732,133	50.8%	2,714,983
Investment Income	202,500	110,048	-	92,452	54.3%	182,289
Rents & Concessions	23,740	23,740	-	-	100.0%	-
Reimbursements	50,000	6,711	-	43,289	13.4%	-
Miscellaneous	15,000	1,518	-	13,482	10.1%	57,089
Operating Transfers-In	43,500	43,500	-	-	100.0%	43,500
TOTAL REVENUES	6,762,290	3,413,416	-	3,348,874	50.5%	3,429,033
EXPENSES						
Salaries & Benefits	3,724,389	1,754,900	-	1,969,490	47.1%	1,786,683
Materials, Supplies & Services	1,978,278	770,284	196,330	1,011,664	48.9%	835,757
Special Projects	846,410	364,581	381,900	99,929	88.2%	365,142
Transfers-Out	312,621	156,311	-	156,311	50.0%	-
Capital Outlay Transfers	1,258,760	629,380	-	629,380	50.0%	34,078
Equipment	25,000	78	2,800	22,123	11.5%	332
Capitalized Fixed Assets	-	1,890	1,610	(3,500)	100.0%	893,473
Appropriated Reserve	50,000	-	-	50,000	0.0%	-
TOTAL EXPENSES	8,195,457	3,677,422	582,640	3,935,396	52.0%	3,915,465

CITY OF SANTA BARBARA
Interim Statement of Revenues and Expenses
For the Six Months Ended December 31, 2009 (50% of Fiscal Year)
AIRPORT OPERATING FUND

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Encum- brances</u>	<u>Remaining Balance</u>	<u>Percent of Budget</u>	<u>Previous YTD</u>
REVENUES						
Leases - Commercial / Industrial	3,893,750	2,107,130	-	1,786,620	54.1%	2,165,746
Leases - Terminal	4,853,050	2,522,995	-	2,330,055	52.0%	2,468,349
Leases - Non-Commerical Aviation	1,075,875	565,489	-	510,386	52.6%	613,558
Leases - Commerical Aviation	2,113,451	1,095,287	-	1,018,164	51.8%	1,137,116
Investment Income	310,000	167,195	-	142,805	53.9%	283,405
Miscellaneous	194,552	80,016	-	114,536	41.1%	189,258
TOTAL REVENUES	<u>12,440,678</u>	<u>6,538,113</u>	<u>-</u>	<u>5,902,565</u>	<u>52.6%</u>	<u>6,857,433</u>
EXPENSES						
Salaries & Benefits	4,780,946	2,285,023	-	2,495,923	47.8%	2,307,534
Materials, Supplies & Services	6,291,961	2,836,657	618,511	2,836,793	54.9%	3,172,448
Special Projects	742,838	213,146	-	529,692	28.7%	185,987
Transfers-Out	7,351	-	-	7,351	0.0%	-
Capital Outlay Transfers	675,240	325,535	-	349,706	48.2%	1,297,449
Equipment	34,212	17,920	-	16,292	52.4%	29,772
Capitalized Fixed Assets	-	-	-	-	100.0%	38,214
Appropriated Reserve	191,045	-	-	191,045	0.0%	-
TOTAL EXPENSES	<u>12,723,593</u>	<u>5,678,280</u>	<u>618,511</u>	<u>6,426,802</u>	<u>49.5%</u>	<u>7,031,404</u>

NOTE - These figures reflect the operating fund only. Though the capital fund is excluded, the current year contribution from the operating fund is shown in the Capital Transfers.

CITY OF SANTA BARBARA
Interim Statement of Revenues and Expenses
For the Six Months Ended December 31, 2009 (50% of Fiscal Year)

GOLF COURSE FUND

	Annual Budget	YTD Actual	Encum- brances	Remaining Balance	Percent of Budget	Previous YTD
REVENUES						
Fees & Card Sales	1,802,397	716,017	-	1,086,380	39.7%	956,138
Investment Income	28,300	18,271	-	10,029	64.6%	23,680
Rents & Concessions	299,741	152,822	-	146,919	51.0%	137,854
Miscellaneous	250,000	1,848	-	248,152	0.7%	24,998
TOTAL REVENUES	2,380,438	888,958	-	1,491,480	37.3%	1,142,670
EXPENSES						
Salaries & Benefits	1,137,368	553,022	-	584,346	48.6%	597,609
Materials, Supplies & Services	577,822	276,806	104,488	196,529	66.0%	397,795
Special Projects	31,190	976	9,524	20,690	33.7%	34,918
Transfers-Out	507,767	507,767	-	-	100.0%	-
Debt Service	219,058	156,862	-	62,196	71.6%	155,696
Capital Outlay Transfers	303,553	276	-	303,277	0.1%	17,070
Equipment	8,400	-	-	8,400	0.0%	1,200
Capitalized Fixed Assets	-	4,154	6,910	(11,064)	100.0%	506,473
TOTAL EXPENSES	2,785,158	1,499,863	120,922	1,164,373	58.2%	1,710,761

CITY OF SANTA BARBARA
Interim Statement of Revenues and Expenses
For the Six Months Ended December 31, 2009 (50% of Fiscal Year)

INTRA-CITY SERVICE FUND

	Annual Budget	YTD Actual	Encum- brances	Remaining Balance	Percent of Budget	Previous YTD
REVENUES						
Vehicle Maintenance Charges	-	-	-	-	100.0%	1,355,143
Work Orders - Bldg Maint.	3,808,159	1,663,399	-	2,144,761	43.7%	1,726,530
Rents & Concessions	65,000	-	-	65,000	0.0%	-
Grants	818,200	818,200	-	-	100.0%	-
Service Charges	1,641,481	820,740	-	820,741	50.0%	869,872
Miscellaneous	-	47	-	(47)	100.0%	94,441
Operating Transfers-In	65,000	32,500	-	32,500	50.0%	-
TOTAL REVENUES	6,397,840	3,334,886	-	3,062,954	52.1%	4,045,986
EXPENSES						
Salaries & Benefits	3,121,012	1,451,352	-	1,669,660	46.5%	2,125,310
Materials, Supplies & Services	919,270	446,073	68,012	405,185	55.9%	1,179,628
Special Projects	1,686,832	418,402	439,723	828,708	50.9%	615,830
Capital Outlay Transfers	65,829	65,414	-	415	99.4%	1,603
Equipment	23,000	155	-	22,845	0.7%	13,750
Capitalized Fixed Assets	843,724	536	79,227	763,961	9.5%	38,303
TOTAL EXPENSES	6,659,667	2,381,932	586,962	3,690,772	44.6%	3,974,424

CITY OF SANTA BARBARA
Interim Statement of Revenues and Expenses
For the Six Months Ended December 31, 2009 (50% of Fiscal Year)

FLEET REPLACEMENT FUND

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Encum- brances</u>	<u>Remaining Balance</u>	<u>Percent of Budget</u>	<u>Previous YTD</u>
REVENUES						
Vehicle Rental Charges	1,343,020	671,510	-	671,510	50.0%	926,149
Investment Income	194,000	107,609	-	86,391	55.5%	149,846
Rents & Concessions	242,848	121,424	-	121,424	50.0%	134,120
Miscellaneous	-	52,709	-	(52,709)	100.0%	50,647
TOTAL REVENUES	<u>1,779,868</u>	<u>953,251</u>	<u>-</u>	<u>826,617</u>	<u>53.6%</u>	<u>1,260,763</u>
EXPENSES						
Salaries & Benefits	162,092	73,814	-	88,278	45.5%	58,138
Materials, Supplies & Services	1,120	560	-	560	50.0%	1,299
Capitalized Fixed Assets	3,658,662	724,501	818,469	2,115,693	42.2%	844,442
TOTAL EXPENSES	<u>3,821,874</u>	<u>798,875</u>	<u>818,469</u>	<u>2,204,531</u>	<u>42.3%</u>	<u>903,879</u>

CITY OF SANTA BARBARA
Interim Statement of Revenues and Expenses
For the Six Months Ended December 31, 2009 (50% of Fiscal Year)

FLEET MAINTENANCE FUND

	Annual Budget	YTD Actual	Encum- brances	Remaining Balance	Percent of Budget	Previous YTD
REVENUES						
Vehicle Maintenance Charges	2,480,238	1,240,119	-	1,240,119	50.0%	-
Miscellaneous	50,000	-	-	50,000	0.0%	-
TOTAL REVENUES	2,530,238	1,240,119	-	1,290,119	49.0%	-
EXPENSES						
Salaries & Benefits	1,189,312	556,607	-	632,705	46.8%	-
Materials, Supplies & Services	1,367,766	433,885	152,488	781,393	42.9%	-
Special Projects	60,625	9,707	15,827	35,091	42.1%	-
Equipment	14,000	-	-	14,000	0.0%	-
TOTAL EXPENSES	2,631,703	1,000,199	168,315	1,463,189	44.4%	-

CITY OF SANTA BARBARA
Interim Statement of Revenues and Expenses
For the Six Months Ended December 31, 2009 (50% of Fiscal Year)

SELF INSURANCE TRUST FUND

	** Annual Budget	YTD Actual	Encum- brances	Remaining Balance	Percent of Budget	Previous YTD
REVENUES						
Insurance Premiums	2,950,613	1,475,307	-	1,475,306	50.0%	1,598,720
Workers' Compensation Premiums	2,482,928	1,241,464	-	1,241,464	50.0%	928,751
OSH Charges	302,518	151,259	-	151,259	50.0%	146,050
Investment Income	337,615	138,897	-	198,718	41.1%	243,229
Miscellaneous	-	12,418	-	(12,418)	100.0%	354,276
Accel - Return of Premium	-	-	-	-	100.0%	750,000
TOTAL REVENUES	6,073,674	3,019,345	-	3,054,329	49.7%	4,021,026
EXPENSES						
Salaries & Benefits	600,672	256,338	-	344,334	42.7%	257,933
Materials, Supplies & Services	5,590,392	2,116,280	236,026	3,238,086	42.1%	2,160,733
Transfers-Out	300,000	300,000	-	-	100.0%	1,589,853
Capital Outlay Transfers	1,105	552	-	553	50.0%	2,137
Equipment	4,000	-	-	4,000	0.0%	-
Appropriated Reserve	23,671	-	-	23,671	0.0%	-
TOTAL EXPENSES	6,519,840	2,673,171	236,026	3,610,644	44.6%	4,010,656

**** The Self Insurance Trust Fund is an internal service fund of the City, which accounts for the cost of providing workers' compensation, property and liability insurance as well as unemployment insurance and certain self-insured employee benefits on a city-wide basis. Internal Service Funds charge other funds for the cost of providing their specific services.**

CITY OF SANTA BARBARA
Interim Statement of Revenues and Expenses
For the Six Months Ended December 31, 2009 (50% of Fiscal Year)

INFORMATION SYSTEMS ICS FUND

	Annual Budget	YTD Actual	Encum- brances	Remaining Balance	Percent of Budget	Previous YTD
REVENUES						
Service charges	2,435,147	1,222,601	-	1,212,546	50.2%	1,285,849
Miscellaneous	-	226	-	(226)	100.0%	10,526
TOTAL REVENUES	2,435,147	1,222,828	-	1,212,319	50.2%	1,296,374
EXPENSES						
Salaries & Benefits	1,537,067	719,459	-	817,608	46.8%	844,950
Materials, Supplies & Services	598,350	347,563	53,767	197,020	67.1%	259,556
Special Projects	1,700	1,415	2,796	(2,512)	247.7%	(771)
Capital Outlay Transfers	-	-	-	-	100.0%	42,500
Equipment	408,269	215,280	10,098	182,891	55.2%	(1,547)
Capitalized Fixed Assets	-	-	-	-	100.0%	488
Appropriated Reserve	84,895	-	-	84,895	0.0%	-
TOTAL EXPENSES	2,630,280	1,283,718	66,661	1,279,902	51.3%	1,145,177

CITY OF SANTA BARBARA
Interim Statement of Revenues and Expenses
For the Six Months Ended December 31, 2009 (50% of Fiscal Year)

WATERFRONT FUND

	Annual Budget	YTD Actual	Encum- brances	Remaining Balance	Percent of Budget	Previous YTD
REVENUES						
Leases - Commercial	1,482,056	775,529	-	706,527	52.3%	830,248
Leases - Food Service	2,393,380	1,288,356	-	1,105,024	53.8%	1,349,584
Slip Rental Fees	3,676,785	1,831,281	-	1,845,504	49.8%	1,767,729
Visitors Fees	700,000	310,659	-	389,341	44.4%	272,964
Slip Transfer Fees	250,000	300,875	-	(50,875)	120.4%	169,500
Parking Revenue	1,885,098	996,309	-	888,789	52.9%	795,484
Wharf Parking	268,749	119,202	-	149,547	44.4%	110,223
Other Fees & Charges	364,909	186,592	-	178,317	51.1%	189,703
Investment Income	125,000	136,090	-	(11,090)	108.9%	188,771
Rents & Concessions	279,322	149,840	-	129,482	53.6%	141,290
Miscellaneous	97,049	102,823	-	(5,774)	105.9%	145,238
TOTAL REVENUES	11,522,348	6,197,555	-	5,324,793	53.8%	5,960,733
EXPENSES						
Salaries & Benefits	5,530,336	2,687,524	-	2,842,812	48.6%	2,699,247
Materials, Supplies & Services	3,416,967	1,484,727	561,150	1,371,090	59.9%	1,594,191
Special Projects	122,559	42,820	3,000	76,739	37.4%	15,253
Debt Service	1,673,572	1,112,096	-	561,476	66.5%	1,198,749
Capital Outlay Transfers	1,131,381	565,691	-	565,691	50.0%	495,499
Equipment	86,445	10,299	2,240	73,906	14.5%	50,928
Appropriated Reserve	100,000	-	-	100,000	0.0%	-
TOTAL EXPENSES	12,061,259	5,903,156	566,390	5,591,714	53.6%	6,053,868

NOTE - These figures reflect the operating fund only. Though the capital fund is excluded, the current year contribution from the operating fund is shown in the Capital Transfers.

Fiscal Year 2010 Interim Financial Statements
For the Six Months Ended December 31, 2009 (50% of Year Elapsed)

General Fund Revenues

The table below summarizes General Fund revenues for the six months ended December 31, 2009. For interim financial statement purposes, revenues are reported on the cash basis (i.e. when they are received). The table below includes the budgeted totals as well as the year-to-date (YTD) budget, which for tax revenues have been seasonally adjusted based on a 3-year average of collections through the same period. Because tax revenues are not collected evenly throughout the year, adjusting the YTD budget to reflect the unique collection pattern of each category of tax revenue enables a more meaningful comparison to year-to-date results shown in the YTD Actual column. For all other revenues, the YTD Budget column represents 50% (6 months out of the 12 elapsed) of the budget column. Unlike tax revenues, these revenues tend to be collected more evenly during the year.

<p style="text-align: center;">Summary of Revenues For the Six Months Ended December 31, 2009 GENERAL FUND</p>								
	Current Year Analysis						Prior Year Analysis	
	Amended Annual Budget	YTD Budget *	YTD Actual	YTD Variance	YTD Percent Rec'd	3-Year Average Bench- mark	Prior Year YTD Actual	Variance Prior Yr To Current Yr
Sales & Use Tax	\$ 17,405,682	\$ 6,823,027	\$ 6,412,644	\$ (410,383)	36.8%	39.2%	\$ 7,603,457	-15.7%
Property Tax	23,426,345	8,738,027	7,566,461	(1,171,566)	32.3%	37.3%	8,590,431	-11.9%
UUT	6,916,329	3,465,081	3,484,555	19,474	50.4%	50.1%	3,509,286	-0.7%
TOT	11,351,970	6,879,294	6,618,032	(261,262)	58.3%	60.6%	7,737,272	-14.5%
Bus License	2,273,300	927,506	917,418	(10,088)	40.4%	40.8%	982,866	-6.7%
Prop Trans Tax	325,800	184,403	199,690	15,287	61.3%	56.6%	166,796	19.7%
Total Taxes	61,699,426	27,017,338	25,198,800	(1,818,538)	40.8%		28,590,108	-11.9%
License & Permits	179,000	89,500	85,941	(3,559)	48.0%	50.0%	92,424	-7.0%
Fines & Forfeitures	2,950,092	1,475,046	1,474,969	(77)	50.0%	50.0%	1,377,303	7.1%
Franchise Fee	3,335,000	1,645,736	1,639,714	(6,022)	49.2%	49.3%	1,463,071	12.1%
Use of Money & Property	1,348,387	674,194	796,574	122,381	59.1%	50.0%	966,991	-17.6%
Intergovernmental	2,525,077	1,262,539	364,508	(898,031)	14.4%	50.0%	1,971,469	-81.5%
Fee & Charges	19,477,381	9,738,691	9,510,604	(228,087)	48.8%	50.0%	8,412,148	13.1%
Miscellaneous	10,323,084	5,161,542	5,546,557	385,015	53.7%	50.0%	6,293,850	-11.9%
Budgeted year-end variance	1,361,508	680,754	-	(680,754)	0.0%	50.0%	-	0.0%
Total Other	41,499,529	20,728,000	19,418,867	(1,309,133)	46.8%		20,577,256	
Total Revenues	\$ 103,198,955	\$ 47,745,338	\$ 44,617,667	\$ (3,127,671)	43.2%		\$ 49,167,364	-9.3%

* YTD Budget for Taxes is calculated based on a 3-year average of collections for each revenue source; for all other revenues, YTD Budget is calculated on a straight-line basis based on the number of months elapsed.

After six months of activity, we are able to identify trends in our revenues and update our estimates regarding where we expect revenues to end the year. As seen in the table above, total revenues are approximately \$3.1 million below the YTD budget at December 31, 2009. This variance is primarily due to the continuing effect of the recession on our non-departmental tax revenues as well as the intergovernmental and fees and service charges categories. This variance is beyond what was anticipated in the amended revenue adjustments that Council approved in November, 2009. When comparing YTD revenues to last fiscal year, overall collections are 9.3% below the same period and nearly every revenue category shows declines.

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We expect that General Fund revenues will not meet budget at year end, in spite of the first quarter non-departmental revenue adjustments that Council approved in November 2009, falling short of the amended budget by approximately \$2.35 million in non-departmental revenues (excluding the anticipated year-end variance), while departmental revenues are expected to end the year between \$1.3 – 1.5 million under budget. A large portion of the departmental variance is due to mutual aid revenue in the Fire Department which may be approximately \$1.3 million under budget See discussion in Intergovernmental Revenues below). We will continue to monitor all revenues closely in the second half of the fiscal year for any additional revenue declines beyond mid year expectations.

It is important to note that the previous table includes \$1.36 million in “Anticipated Year-End Variance” as budgeted revenue. This “revenue” is roughly equal to 1.3% of budgeted operating expenditures in the General Fund, and represents what staff projected in total favorable variances in revenues and expenditures (revenues *over* budget and expenditures *under* budget) for the year. No actual revenues are recognized in this account; rather the negative variance typically is offset by actual favorable variances realized in other revenue and expenditure accounts at year-end. As discussed above, the current economic crisis has created significant shortfalls in projected year-end revenues and, therefore, it is expected that no overall favorable year-end revenue variances will be realized by year-end as planned. Expenditure savings will be relied on alone to offset the negative variance in the anticipated year-end variance “revenue” account.

Each revenue category shown in the table above is discussed below.

Sales and Use Taxes

Sales tax revenue is below the YTD budget by \$410,383, which is consistent with expectations due to the continuing impact of the recession on our local economy. For the quarter ended September 30, 2009, sales tax revenue declined 16.9% from last fiscal year for the same quarter. In November, the sales tax estimate was lowered by over \$1 million as part of the first quarter budget adjustments. We expect an additional shortfall of almost \$624,000 from the amended budget by year-end based on an assumption that sales tax for the December quarter to be received in March will decline 5% and then remain flat for the last two quarters of the fiscal year.

Property Taxes

Property tax revenue is below the YTD budget by \$1.17 million due primarily to a timing issue of when payments were received from the County. In January, we received an additional \$930,000 in secured taxes that were not paid in December. When factoring in this additional secured payment, collections are roughly \$250,000 below YTD budget.

In November, the property tax estimate was lowered by \$433,655 as part of the first quarter adjustments based on additional guidance from the County on property tax estimates for fiscal year 2010. However, based on final information from the County on the City’s property tax roll set for 2010, as well as poor YTD performance in supplemental property taxes (imposed when properties are sold or improved after the levy date), we anticipate an additional shortfall of approximately \$396,000 from the amended property tax budget.

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Utility Users Taxes

A utility users' tax (UUT) is applied to utilities, including water, cable television, telephone, electricity, refuse, and natural gas. By ordinance, 50% of most UUT revenues are restricted for streets maintenance and capital and are reported directly in the Streets Fund. In November, the UUT estimate was lowered by \$675,090 as part of the first quarter budget adjustments. We expect an additional shortfall of almost \$206,000 from the amended budget based primarily on additional shortfalls in the electricity and gas sectors due to fluctuations in the commodity prices which are uncontrollable and difficult to predict.

Transient Occupancy Taxes

Transient occupancy tax (TOT) revenue is \$261,262 under the YTD budget at the end of December and 14.5% below prior year cash collections for the same period. This revenue has shown double-digit declines in five of the first six months of the fiscal year. In November, the TOT estimate was lowered by \$675,030 as part of the first quarter budget adjustments; however based on information on collections through December, we expect an additional shortfall of \$455,500 in this revenue. The amended budget assumed an overall 5.7% decline from the prior year. We expect the actual decline in TOT to be 9.5% at year end.

Business License Tax

Business license tax revenues are only slightly below YTD budget by \$10,088. In general, many of the largest licensed businesses pay taxes based on a percent of their gross sales and, therefore, this revenue source is also impacted by the recession. Although YTD collections are 6.7% below prior year collections for the same period, the current year budget was conservatively estimated and we anticipate to meet budget at year end.

Property Transfer Tax

After the first six months, property transfer tax revenue shows a positive budget variance of \$15,287 or 4.7% above the 3 year benchmark for YTD budget. Property transfer taxes are paid when real property is sold, and the positive variance is consistent with an increase in the number of property sales locally during the first half of the fiscal year. However, it should be noted here that due to the substantial decline in the median and average home sales prices, we do not expect the increase in the property transfer tax revenue to translate into higher supplemental property tax collections as discussed in the property tax section above.

Fines and Forfeitures

General Fund revenues in this category are derived from four sources: parking citation revenues and municipal court fines budgeted in the Police Department, late fees on utility bills in the Finance Department, and Library fines. Overall, fines and forfeitures are tracking in line with YTD budget. However, this is due to the new late fee on utility bills exceeding YTD budget. At the end of December, in its first year of implementation, 90.9% of late fee revenue has been received after only 50% of the fiscal year. This overage serves to offset shortfalls in other revenues in the fines and forfeitures category. Parking citation revenues are down substantially through the first six months due to 15% vacancy rate for parking enforcement officers and a

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reduction of 12% in the number of citations issued through December. Although all parking enforcement officer vacancies have been filled as of January, 2010, a \$350,000 shortfall is expected in parking citation revenue at year-end.

Licenses & Permits

Revenues in this category are derived from the issuance of a variety of miscellaneous licenses and permits for businesses and activities such as taxi cabs, dance halls, tobacco retailers, and animal licenses. These revenues are only slightly below YTD budget by \$3,559. We expect this revenue to meet budget at year-end.

Franchise Fees

Franchise fee revenues are received from companies that have a franchise agreement to provide utility services in the City and tend to follow the same overall pattern as UUT over the course of a fiscal year. However, this revenue does not track exactly the same as UUT throughout each month because there are variances in the timing of franchise payments from the electricity providers (which pay quarterly, not monthly) and gas providers (which pay on estimate that is trued up in February of each year). Through December, franchise fees are in line with YTD budget; however, at year end we expect a shortfall from the amended budget of slightly more than \$427,000. This is in line with the anticipated shortfall in UUT revenues as discussed above.

Use of Money & Property

Although the City's monthly yield on investments has steadily declined in the first six months, revenues in this category are ahead of YTD budget by approximately 9.1%. However, the current year budget anticipated declining market returns throughout the year. By year-end, we expect this revenue category will meet budget as the lower monthly yields in the second half of the year will normalize the apparent surplus shown at the end of December.

Intergovernmental

Intergovernmental revenue is below the YTD budget due to lower mutual aid revenues received by the Fire Department this year. Mutual aid revenues are the largest revenue in the intergovernmental category and received when the Fire Department responds to emergencies in other jurisdictions. If there are no additional mutual aid responses this year, this revenue source is projected to be roughly \$1.3 million short of budget. This is dependant on the number and type of mutual aid calls that the department receives during the year. A negative variance in mutual aid revenues is mostly offset by reduced personnel costs to provide the aid so the department should show a corresponding variance in expenditures at year-end.

Fees & Service Charges

Overall, fees and service charges are \$228,000 (1.2%) under YTD budget. Public Works revenues are almost \$229,000 over the YTD budget and Community Development revenues are almost \$72,000 ahead of the YTD budget while all others fell short of the mid-year budget. The more significant mid-year variances are discussed below.

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Public Works fee revenue was \$229,000 over the YTD budget because of engineering work orders exceeding expectations through December 31. Engineering Work orders are primarily charges for services to other funds throughout the City related to capital projects. Some of these projects are funded by federal stimulus money. Community Development fees were ahead of the YTD budget due to permits and fees associated with rebuilding homes damaged by the Tea Fire. As the year progresses, the effect of these permits will be lessened and revenues are expected to approximate revenues at year-end.

Parks & Recreation revenues are \$(241,000) (9.8%) below the YTD budget due to declining facility rentals and registrations for classes and programs. Revenues have been significantly impacted by fewer rentals at the three beachfront facilities and other facilities & park sites. Participation in programs that were relocated from the Carrillo Recreation Center has had a negative impact on mid-year revenues. Overall program revenue declines led the department to propose a fee increase effective April 1, 2010 to help offset revenue shortages. The Department has also proposed expenditure reductions to help offset the budget gap.

Inter-Fund charges are \$178,000 (3.1%) below the YTD budget at mid-year. Approximately \$106,000 of the variance is related to cost reimbursements from the City Redevelopment Agency (RDA). Salary & benefits costs in the RDA are lower than budgeted due primarily to vacancies of key positions. With lower costs incurred to manage RDA operations, reimbursement revenues from the RDA are proportionately lower. The remainder of the YTD budget variance is due to reimbursement for law enforcement activities. The City administers a police communications network for a Joint Powers Authority (JPA) with various police agencies throughout the state. Operating expenditures for the JPA are billed twice during the year so mid-year variances are normal. All costs of the JPA will be reimbursed. Additionally, a portion of the mid-year variance is due to grant reimbursements that have not yet occurred. The police have provided services that are reimbursable through federal and state grants. The reimbursements are received after actual expenditures have been made so they often lag throughout the year.

Fees and Service Charges General Fund For the Six Months Ended December 31, 2009								
Department	Annual Budget	YTD Budget	YTD Actual	Budget Variance	Percent Received YTD	Prior Year YTD	Prior Year Variance	Percent Variance
Finance	\$ 858,930	\$ 429,465	\$ 412,783	\$ (16,682)	48.1%	\$ 406,412	\$ 6,371	1.6%
Community Development	4,425,717	2,212,859	2,284,447	71,589	51.6%	2,179,264	105,183	4.8%
Parks & Recreation	2,448,499	1,224,250	983,507	(240,743)	40.2%	1,131,940	(148,433)	-13.1%
Public Safety	550,543	275,272	199,157	(76,115)	36.2%	168,066	31,091	18.5%
Public Works	4,608,873	2,304,437	2,533,361	228,925	55.0%	2,005,240	528,121	26.3%
Library	775,452	387,726	370,265	(17,461)	47.7%	18,541	351,724	1897.0%
Inter-Fund Charges	5,809,367	2,904,684	2,727,084	(177,600)	46.9%	2,502,685	224,399	9.0%
Total	<u>\$ 19,477,381</u>	<u>\$ 9,738,691</u>	<u>\$ 9,510,604</u>	<u>\$ (228,087)</u>	48.8%	<u>\$ 8,412,148</u>	<u>\$ 1,098,456</u>	13.1%

Miscellaneous Revenues

Miscellaneous Revenues are \$385,015 over YTD budget at December 31. The positive budget variance consists of unbudgeted litigation settlement revenue of approximately \$230,000 and

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rebates returned to the General Fund from the City's ICS Funds, approved by Council as part of the first quarter budget adjustments. All of the rebates were booked in November, resulting in positive YTD budget variances that will normalize by the end of the fiscal year.

General Fund Expenditures

The table below summarizes the General Fund budget and year-to-date expenditures through December 31, 2009. The Annual Budget column represents the amended budget, which includes appropriation carryovers from the prior year, as well as any supplemental appropriations approved by Council in the current year.

SUMMARY OF EXPENDITURES GENERAL FUND For the Six Months Ended December 31, 2009								
Department	Amended Annual Budget	YTD Budget	YTD Actual	W/O Encumbrance Variance Favorable (Unfavorable)		Encum- brance	With Encumbrance Variance Favorable (Unfavorable)	
				\$	%		\$	%
Mayor & Council	\$ 747,750	373,875	\$ 349,502	\$ 24,373	3.3%	\$ 1,945	\$ 22,428	3.0%
City Attorney	2,099,358	1,049,679	1,020,892	28,787	1.4%	-	28,787	1.4%
City Administrator	1,946,030	973,015	985,700	(12,685)	-0.7%	40,289	(52,974)	-2.7%
Administrative Svs.	2,146,852	1,073,426	1,071,729	1,697	0.1%	35,529	(33,832)	-1.6%
Finance	4,501,067	2,250,534	2,237,398	13,136	0.3%	39,014	(25,879)	-0.6%
Police	33,033,465	16,516,733	16,161,276	355,457	1.1%	219,785	135,672	0.4%
Fire	21,504,996	10,752,498	10,412,152	340,346	1.6%	74,947	265,399	1.2%
Public Works	6,397,298	3,198,649	3,029,511	169,138	2.6%	81,664	87,474	1.4%
Parks & Recreation	13,443,464	6,721,732	6,665,744	55,988	0.4%	208,861	(152,873)	-1.1%
Library	4,171,993	2,085,997	1,946,876	139,121	3.3%	6,474	132,647	3.2%
Community Dev.	10,465,410	5,232,705	4,992,243	240,462	2.3%	79,330	161,132	1.5%
Non-Departmental	2,905,791	1,452,896	1,406,782	46,114	1.6%	-	46,114	1.6%
Total	<u>\$ 103,363,474</u>	<u>\$ 51,681,737</u>	<u>\$ 50,279,805</u>	<u>\$ 1,401,932</u>	1.4%	<u>\$ 787,838</u>	<u>\$ 614,094</u>	0.6%
% of annual budget		50.0%	48.6%	1.4%		0.8%		

A year-to-date budget (labeled "YTD Budget") column is included in the table above which represents 50% of the annual budget to coincide with 6 out of 12 months in the fiscal year having elapsed. Unlike many tax revenues, where the collection rate during the year is seasonally affected, most expenditures tend to be incurred fairly evenly throughout the year. This is primarily due to salary and benefits expenditures, which account for approximately 75% of General Fund expenditures, which are paid out fairly evenly during the year.

The amended annual budget totaled approximately \$103.4 million, and the year-to-date (YTD) budget is calculated at \$51.7 million (50%). Actual expenditures were almost \$50.3 million through the first six months of the year, which resulted in a positive budget variance of approximately \$1.4 million (1.4%). The General Fund had approximately \$850,000 (1.1%) in salary savings through the first half of the fiscal year in addition to the furlough savings which were included in the budget. The General Fund also had approximately \$788,000 in outstanding encumbrances at December 31. Encumbrances are amounts that have been obligated to be spent but have not yet actually been expended. These encumbrances are often recorded in the beginning of the year even though they will be used throughout the entire year.

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or in subsequent years. Encumbrances include amounts that were carried forward from the prior year and current year encumbered contracts for materials and services, such as financial audits, maintenance, and professional services. Including the encumbrances, the positive variance at December 31 was \$614,000 (0.6%).

As shown in the table above, all General Fund Departments except the City Administrator were within their respective YTD budgets at December 31. When outstanding encumbrances are included, four departments exceeded the YTD budget at December 31. These negative variances are temporary and are expected to decrease as more time elapses in the fiscal year. Staff projections indicate that all General Fund departments will end the year below their budgeted appropriation authority.

Departments with negative variances through December 31, 2009 are discussed below.

City Administrator Office

City Administrator departmental expenditures were almost \$53,000 over the YTD budget due to \$40,000 in outstanding encumbrances at December 31 and more than \$50,000 in payments to City partners for gang prevention under the CALGRIP grant. The encumbrances are primarily professional service contracts for Spanish translation services for City TV that will be utilized throughout the year. These create a temporary variance and will be expended throughout the remainder of the year as needed. The payments to City partners for the CALGRIP grant were budgeted in the Miscellaneous Grants Fund and will be reclassified to the appropriate fund and program.

Administrative Services

Administrative Services costs were almost \$34,000 over the December 31 YTD budget. This temporary variance was entirely due to professional service contracts that were encumbered at the beginning of the year for use throughout the fiscal year. The City Clerk's Office had approximately \$16,000 encumbered for duplicating, advertising, and remaining election costs. Additionally, Human Resources had almost \$20,000 encumbered through a blanket purchase orders for professional services that might be needed throughout the remainder of the year.

Finance Department

Finance Department expenditures and encumbrances were almost \$34,000 over the YTD budget at December 31. Approximately \$24,000 of this temporary variance is the result of the annual financial audit contract that has been encumbered and will be spent over the final six months of the year. The remainder is for various contracts for services that will be needed throughout the rest of this fiscal year.

Parks & Recreation

The Parks & Recreation Department expenditures and encumbrances were approximately \$153,000 over the YTD budget at mid-year. The encumbrances include maintenance contracts, professional service contracts, supplies and equipment, and other costs that will be spent in normal operations throughout the remainder of the fiscal year.

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Enterprise Funds

Enterprise Fund operations are primarily financed from user fees. This is in contrast to the General Fund, which relies primarily on taxes to subsidize programs and services. Because of this, enterprise fund revenues have not been negatively impacted by the steep decline in key tax revenues that has occurred in the General Fund. However, as the recession has continued, some enterprise fund revenues have been negatively impacted.

SUMMARY OF REVENUES & EXPENSES Six Months Ended December 31, 2009 ENTERPRISE FUNDS									
	Current Year Analysis						Prior Year Analysis		
	Annual Budget	YTD Budget *	YTD Actual	YTD Variance	YTD Percent	3 Year Average	YTD Actual	% Variance	
Water Fund									
Revenues	\$ 34,188,296	\$ 18,430,910	\$ 18,792,916	\$ 362,006	55.0%	53.9%	\$ 18,819,047	-0.1%	
Expenses **	37,418,635	18,709,318	18,605,334	103,984	49.7%	50.0%	19,195,535	-3.1%	
Wastewater Fund									
Revenues	14,828,850	7,470,775	7,521,999	51,224	50.7%	50.4%	7,531,070	-0.1%	
Expenses **	16,070,288	8,035,144	8,052,074	(16,930)	50.1%	50.0%	7,970,927	1.0%	
Downtown Parking Fund									
Revenues	6,762,290	3,310,141	3,413,416	103,275	50.5%	49.0%	3,429,033	-0.5%	
Expenses **	8,195,457	4,097,729	4,260,062	(162,334)	52.0%	50.0%	5,747,228	-25.9%	
Airport Fund									
Revenues	12,440,678	6,130,766	6,538,113	407,347	52.6%	49.3%	6,857,433	-4.7%	
Expenses **	12,723,593	6,361,797	6,296,791	65,006	49.5%	50.0%	7,776,825	-19.0%	
Golf Fund									
Revenues	2,380,438	1,121,662	888,958	(232,704)	37.3%	47.1%	1,142,670	-22.2%	
Expenses **	2,785,158	1,392,579	1,620,785	(228,206)	58.2%	50.0%	1,960,214	-17.3%	
Waterfront Fund									
Revenues	11,522,348	6,008,904	6,197,555	188,651	53.8%	52.2%	5,960,733	4.0%	
Expenses **	12,061,259	6,030,630	6,469,546	(438,917)	53.6%	50.0%	6,701,534	-3.5%	
* The YTD Budget column has been calculated based on a 3-year average collection rate through December 31, which has been applied to the annual budget.									
** Expenses include encumbrances at December 31.									

The table above summarizes Enterprise Fund revenues and expenses through December 31, 2009, with a comparison to budget and prior year. Note that the "YTD Budget" column for revenues has been calculated based on a 3-year average collection rate through December 31. This rate, which is shown as a percentage in the "3 Year Average" column, has been applied to the annual budget amount to arrive at the YTD Budget. This approach is used in recognition that enterprise fund revenues are seasonally affected and are generally not received evenly throughout the year. For example, Water Fund revenues are affected by weather conditions such that demand is higher in the warmer summer months and lower in the wet winter months. Therefore, adjusting the budget for seasonal variations allows us to compare revenues against prior year results according to the normal collection patterns. The YTD budget for expenses is

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50% of the annual budget. The “YTD Actual” for expense includes encumbrances at December 31 of each respective year.

At December 31, 2009, all enterprise funds except the Golf Fund have met the YTD revenue budgets. In anticipation of the negative revenue impacts of the recession, all funds except the Water Fund and Wastewater Fund budgeted decreased revenues this year.

Enterprise fund revenues and expenses are discussed briefly below.

Water Fund

The Water Fund has received 55% of annual budgeted revenues throughout the first six months of the year, resulting in a \$362,000 (1.1%) variance from the YTD budget. While this is ahead of the YTD budget it is virtually even (-0.1%) with revenues from the prior year. Metered water sales account for approximately 97% of budgeted revenues in the fund and 53.2% of the annual budget was received to date. This is in line with the YTD budgeted collection rate of 53.9%. The primary reason for the mid-year variance in revenues is reimbursements received from the Carpinteria and Montecito Water districts for their share of operating the Cater water treatment plant. Water treatment costs have increased this year due to the additional filtration requirements resulting from the recent fires in the area. Water sales are higher in the first six months of the year due to the warm, dry summer months. The amount of rainfall in the winter months will have a significant impact on revenues for the remainder of the year but revenues are expected to meet budget for the year.

Water Fund expenses (including encumbrances) were 0.3% below the YTD budget at mid-year. Salary & benefits expenses were only 45.9% of the annual budget at December 31 and provided savings for the fund. Expenses in the fund are expected to continue tracking with the YTD budget throughout the year and will be within budget at year-end.

Wastewater Fund

Wastewater Fund revenues are in line with the YTD budget and prior year revenues. Revenues are primarily based on a capped level of water usage by customers and do not have as much fluctuation as water revenues. Staff projects that revenues will meet budget for the year.

Wastewater Fund expenses and encumbrances are slightly (0.1%) over the YTD budget at December 31. This slight variance is the result of outstanding encumbrances at mid-year and is expected to diminish throughout the remainder of the year. Salary & benefits costs were only 45.8% of the annual budget mostly due to vacancies, including the Wastewater Resources Manager position which was vacant for five months.

Downtown Parking Fund

Downtown Parking Fund revenues are approximately \$103,000 (1.5%) ahead of the YTD budget. The current year revenue budget was reduced almost \$703,000 from prior year revenues. YTD revenues were approximately even with revenues for the first six months of the prior year. Parking revenues are significantly impacted by the number of visitors and retail activity in the City. Approximately 72% of annual budgeted revenues are for hourly parking monthly at the City’s parking facilities and the Fund collected approximately 51% of the annual budget for these revenues in the first half of the year. Revenues are expected to approximate budget for the year.

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Downtown Parking Fund expenses were \$162,000 (2%) over the YTD budget at mid-year but 25.9% below expenses for the first six months of the prior year. The current year variance is due to outstanding encumbrances for commuter programs, supplies, and maintenance contracts that will be used throughout the remainder of the year. Salary & benefits costs were 47.1% of the annual budget and expenses are projected to end the year well within budget. Expenses are significantly lower than the prior year because of a structural change made to the fund this year. We created a Downtown Parking capital projects fund this and are accounting for the long-term capital projects in that fund.

Airport Fund

Airport Fund revenues were approximately \$407,000 (2.7%) ahead of the YTD budget at December 31 and \$319,000 (4.7%) below comparable revenues for the prior year. The Fund anticipated an 8.5% reduction in passenger traffic and an 8% reduction in rental income this year and reduced this year's annual budget by \$451,000. In spite of various changes in tenants, lease revenues have remained strong and are approximately 8.2% ahead of budget. Airport terminal revenue is approximately 4% ahead of budget. There has been a reduction in passenger flights and passenger counts this year but the percentage of seats occupied on the remaining flights has increased over the prior year. Additionally, the relocation of the gift shop to the central lobby has resulted in more than a 36% increase in sales. At this point, staff is optimistic that revenue will meet budget for the year.

Airport Fund expenses and encumbrances are 0.5% below the YTD budgeted amounts. Actual operating expenses (excluding capital transfers) were 10.7% below the YTD budget. Salaries and benefits costs were 4.7% below the YTD budget and supplies & services were more than 26% under budget; however, the encumbered costs for supplies and services will be consumed in the second half of the year. Overall, expenses are on target and will end the year under budget.

Golf Fund

Golf Fund revenues were approximately \$233,000 (9.8%) below the YTD budget at mid-year. At mid-year, Golf Fund FY10 revenue is down 22% from 43.2% in FY 09 to 37.3% this year. Rounds of golf are down 20% over this time last year due the economic downturn and two construction projects, Phase IV of the Safety Improvement Plan (renovation of two greens and completion of a continuous cart path system) and the Creeks Division Storm Water Quality/Creek Restoration Project. The Department is projecting revenue to increase beginning in March with the onset of spring weather and the completion of the construction projects. The reconstructed 5th and 11th greens are maturing well, and it is expected that they will be open for play by the end of February. The Creeks Division anticipates the storm water project will be complete by the end of February. Staff estimates that year-end revenues will be \$336,000 to \$355,000 below budget.

Golf Fund expenses are higher than the YTD budget at mid-year due to the costs of the on-going golf course improvement project. Approximately \$508,000 has been spent on this project this year, which represents almost 35% of the YTD expenses through December 31. There will be no more charges for this project in the Golf Fund this year so the impact of this project on overall expenses will decrease through the remainder of the year. With a projected \$336,000 revenue shortfall, staff is working to reduce expenses throughout the remainder of the year to offset a significant portion of the projected budget shortfall. Management believes that they will be able to reduce expenditures \$336,000 to cover the revenue shortfall. The Fund is reducing

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expenses for supplies & services, special projects, and capital projects where possible. Additionally, the Fund will need to achieve salary savings through position vacancies.

Waterfront Fund

Waterfront Fund revenues were \$189,000 (1.6%) above YTD revenues at December 31 and 4% ahead of revenues for the same period in the prior year. The Property Management program is below the YTD budget due to the tough economic environment and its effect on the percentage rents generated by Waterfront lessees. The Parking Services program revenue is in line with the YTD budget and 1.6% above prior year revenues due to the fee increases that affected all Waterfront lots effective July 1, 2009. Sales of annual parking permits also appear to have improved slightly over last year. Marina Management revenue is exceeding the YTD budget, and is expected to finish the year 4.3% above budget expectations, primarily due to an increase of slip transfers taking place during the first two quarters of the fiscal year. After falling significantly below budget last year, slip transfer fees have returned to a more normal level. Overall, revenues are anticipated to slightly exceed budget for the year.

Overall, the Fund spent and encumbered 53.6% of the annual budget, resulting in a \$439,000 negative variance at December 31. The variance is due to \$566,390 encumbered at mid-year, primarily for materials, supplies, and services contracts that will be used throughout the remainder of the year. The Fund has recognized 48.6% of annual budgeted salary & benefits costs through the first six months of the year and expenses are on target to end the year under budget.